Key Small Business Financing Statistics

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Preface

Key Small Business Financing Statistics is a reference document on the state of financing for Canadian small and medium-sized enterprises (SMEs). It is part of a series of research products prepared through the Small and Medium-Sized Enterprise Financing Data Initiative (SME FDI) — a partnership between Industry Canada, Statistics Canada and the Department of Finance.

More details and a more comprehensive review of SME financing in Canada are available in *Small and Medium-Sized Enterprise Financing in Canada,* 2003. Other products include profiles of specific types of business owners (e.g. women entrepreneurs, visible minorities, youth); research papers examining access to financing for particular groups of SMEs (e.g. gaps in access to financing for exporters, knowledge-based and innovative firms); and a myriad of data tables on debt, leasing and equity financing.

The SME FDI began following a recommendation in 1998 of the Task Force on the Future of the Canadian Financial Services Sector. Its overall objective is to collect data to build a better understanding of issues faced by SMEs in obtaining financing in Canada, thereby informing policy-making. The initiative gathers information from Statistics Canada surveys, as well as from research into niche areas of SME financing, particularly access to risk capital and attitudes and perceptions of financial institutions. Industry Canada is mandated to regularly report to the House of Commons Standing Committee on Industry, Science and Technology on the state of SME financing in Canada.

For further information on the SME FDI and access to statistical findings and reports, visit our website at **www.sme-fdi.gc.ca**.

What is an SME?

This document defines small and medium-sized enterprises (SMEs) according to the definition used in the *Survey on Financing of Small and Medium Enterprises* as businesses

- with fewer than 500 employees, and
- with annual revenues of less than $50 million.

Excluded are unincorporated firms with less than $30 000 in revenues, non-profit organizations, government organizations, schools, hospitals, subsidiaries, cooperatives, and financing and leasing companies.

The statistics in this publication are reported at the enterprise level, where enterprise is defined as the business entity that directs and controls the resources and activities of operations in Canada and has a complete set of financial statements. Other publications report data at the establishment level — the smallest unit/grouping for which data are published.

Since 2000, the *Survey of Suppliers of Business Financing* has used another definition, proposed by the Canadian Bankers' Association, under which firms with loan authorizations (that is, the maximum amount businesses are allowed to borrow) of less than $1 million are considered SMEs.

The use of two different definitions limits comparisons between the two surveys. To date, the SME FDI has found little correlation between size of business (number of employees) and authorization size. However, the SME FDI will continue to analyze other methods to compare and reconcile data produced using the definition in the *Survey on Financing of Small and Medium Enterprises* with data using the loan authorization definition.

There are many definitions of SMEs, which can be categorized by size according to the number of employees, the value of annual sales, annual revenues or borrowing capacity. This report defines SMEs in terms of number of employees and annual revenues.

This definition is fairly consistent with other definitions of SMEs around the world. The European Union (EU) defines SMEs as enterprises that employ fewer than 250 employees and have an annual turnover not exceeding €50 million (C$79 million), and/or an annual balance sheet total not exceeding €43 million (C$68 million).

In the United States (U.S.), the Small Business Administration defines small enterprises as independent businesses having fewer than 500 employees. However, unlike the EU and Canada, which have simple definitions that apply to all industries, the U.S. has chosen to set size standards for each individual North American Industry Classification System (NAICS) category. This variation is intended to better reflect industry differences. The most common sizes used to differentiate medium-sized firms from large firms are

- 500 employees for most manufacturing and mining industries, and
- 100 employees for wholesale trade industries.

Key Highlights

SME Marketplace in 2004

- Using the definition in "What is an SME?" there were approximately 1.4 million SMEs in Canada in 2004.[1,2]
- Of these, two thirds (66 percent) operated in the services sector, with the remainder distributed among the goods-producing sector (22 percent) and the resource-based sector (12 percent).
- The distribution of SMEs by size of firm (in terms of number of employees) varies considerably across industries. Those in the services and resource-based sectors are typically smaller (0 to 4 employees) than those in the goods-producing sector, whose distribution across size of firm is more uniform.

Financing Activity of SMEs

Commercial Debt

- In 2004, nearly one fifth (19 percent) of SMEs made a request for new or additional debt from a credit supplier for a business purpose, of which 81 percent were approved.
- Chartered banks were the main suppliers of debt financing to SMEs, with 63 percent of the requests for debt. In contrast, caisses populaires and credit unions received 23 percent of requests.

Leasing

- In 2004, 3 percent of SMEs made a request for lease financing, of which 96 percent were approved.
- Finance and leasing companies accounted for the majority (81 percent) of the supply of leases authorized as of December 31, 2004. Domestic banks captured less than one fifth (14 percent) of the leasing market during the same period.

Equity Financing

- While only 1 percent of SMEs requested equity financing in 2004, 46 percent of the SMEs that requested it received financing from external investors.
- Venture capital provides essential capital to firms with high-growth potential. In 2004, venture capital firms invested $1.8 billion in 603 firms in Canada.

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1. According to the Business Register of Statistics Canada, there were 2.2 million business establishments in Canada as of June 2005. Establishments are the smallest unit/grouping for which data are published; therefore, an enterprise may consist of many establishments located in different provinces.

2. In 2004, the survey methodology was modified to exclude "unable to locate" and "unable to contact" firms in the sampling strategy. As a result, the population estimates for SMEs have been adjusted from previous survey results in 2000 and 2001.

Access to Financing

- In 2004, SMEs of all types used different formal financing instruments to finance their operations, such as lines of credit from financial institutions (50 percent) and commercial loans from financial institutions (44 percent). SMEs were also likely to use informal forms of financing such as personal savings of the business owner (57 percent), retained earnings (54 percent) and personal credit cards of owners (50 percent).
- In comparison, start-up SMEs were more likely to use informal sources of financing such as personal savings (77 percent); however, 45 percent of start-ups used formal financing such as commercial loans from financial institutions, which was comparable to the proportion used by established firms.
- In 2004, the majority of SMEs (64 percent) that requested debt financing from a financial provider did so through personal discussions at a branch or with their account manager; 29 percent made a request over the phone and 4 percent made their request over the Internet.

Financial Structure

- Suppliers of informal debt (e.g. loans from individuals and trade credit from suppliers) are as important to the financial structure of SMEs as formal sources.
- In 2004, approximately two thirds (66 percent) of SMEs' outstanding debt was owed to informal types of financing.

SME Business Owner and Financial Characteristics

Women Entrepreneurs

- In 2004, women entrepreneurs were less likely than men to approach financial institutions for financing (13 percent request rate among women versus 17 percent among men).
- Those women entrepreneurs who did apply for financing were somewhat less likely than men to be approved (74 percent approval rate among women versus 82 percent among men). Research has shown that this is more related to the sector in which they operate than their gender.

Young Entrepreneurs

- Youth-owned SMEs have slightly higher financing request rates than SME owners over the age of 40 (21 percent versus 18 percent); however, young entrepreneurs received similar financing approval rates as owners in older age categories, which is a slight improvement from 2000.

Visible Minority Entrepreneurs

- While both visible minorities and other SMEs had similar demand for financing in 2004, visible minority entrepreneurs were far less likely to have their financing application approved (71 percent compared with 82 percent for other SMEs), which may reflect more the sector in which they are concentrated than their ethnicity.

Introduction

This document highlights key findings on the state of small and medium-sized enterprise (SME) financing in Canada for all three types of financing (debt, leasing and equity) by region, sector, size of business and stage of business development.

The report has five parts:

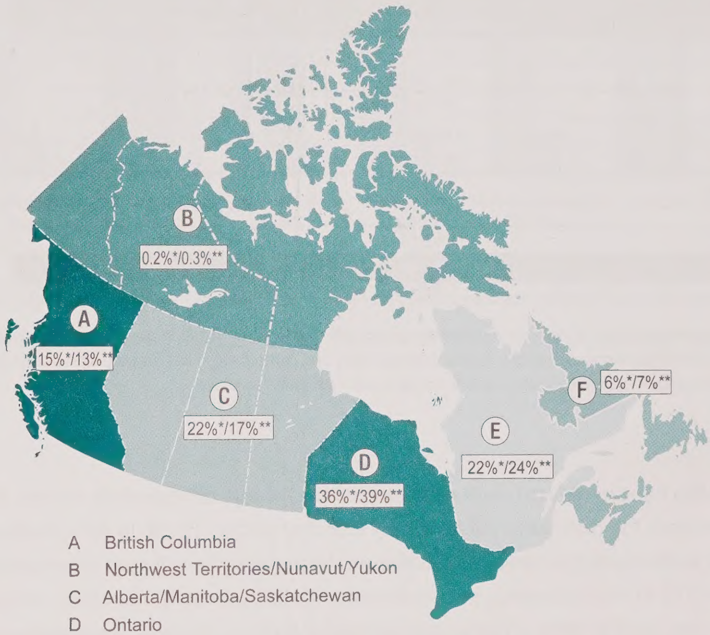
- **SME Marketplace** describes the distribution of SMEs by region, sector and size.
- **Financing Activity of SMEs** describes the demand for financing in terms of requests made and approvals granted for three types of financing (debt, leasing and equity), as well as the amount of financing received.
- **Access to Financing** looks at the types of financing instruments used by SMEs and the conditions under which they are accessed.
- **Financial Structure** examines the financial structure of SMEs in 2004.
- **SME Business Owner and Financial Characteristics** examines the profile and financing characteristics of three demographic trends in Canadian entrepreneurship — women, youth and visible minorities.

SME Marketplace

How many businesses are there in Canada?

In 2004, there were approximately 1.4 million small and medium-sized enterprises (SMEs) in Canada. The location of these enterprises is governed primarily by population density and by other factors such as sector concentration. Figure 1 compares the distribution of SMEs by region with the distribution of population by region in Canada in 2004. It shows that the distribution of SMEs is fairly proportional to the overall distribution of population, with 58 percent of business enterprises located in Ontario and Quebec, similar to the distribution in 2000.

Figure 1: Distribution of SMEs by Region in 2004



A British Columbia
B Northwest Territories/Nunavut/Yukon
C Alberta/Manitoba/Saskatchewan
D Ontario
E Quebec
F Atlantic Provinces

* Percentage of total SMEs
** Percentage of Canadian population

Source: SME Financing Data Initiative, Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2004; Statistics Canada, Census information on SME populations, 2004.

Note: Figures may not add up due to rounding.

What is the distribution of SMEs by sector and by size of firm?

Sector

According to SME FDI data, small businesses (those with fewer than 100 employees) represented the vast majority (99.7 percent) of SMEs in Canada in 2004, and the remaining 0.3 percent comprised 3333 medium-sized businesses (those with more than 100 but fewer than 500 employees).

Two thirds of SMEs (66 percent) operated in the services sector. The remaining SMEs were distributed among the goods-producing sector (22 percent) and the resource-based sector (12 percent) (see Table 1).

Table 1: Distribution of SMEs by Sector in 2004

	Number of SMEs	Proportion of SMEs (%)
SECTOR		
Agriculture/Primary	161 949	12
Manufacturing	65 094	5
Wholesale/Retail	210 960	16
Professional services	161 232	12
Knowledge-based industry	77 750	6
Tourism	110 545	8
Other sectors	569 818	42
Total — Canada	**1 357 348**	**100**

Source: SME Financing Data Initiative, Statistics Canada, *Survey on Financing of Small and Medium Enterprises,* 2004.

Note: Other sectors include construction; transportation; warehousing and couriers; information and cultural industries; real estate, rental and leasing; administration and support; waste management and remediation; health care and social assistance; arts, entertainment and recreation; accommodation and food services; and other services.

Size

The distribution of SMEs by size of firm (number of employees) varies considerably across different industries. Figure 2 reveals the distribution of SMEs by size and sector. Those in agriculture/primary, professional services and knowledge-based industries are typically self-employed (0 employees) or are micro-enterprises (0.5 to 4 employees). In comparison, SMEs in the manufacturing, wholesale/retail and tourism sectors tend to have a higher percentage of firms in the larger size categories (5 to 19 employees).

The relationship between business size and sector is important in analyzing challenges related to the availability of financing. Sector of operation may influence the pattern of ownership for certain sizes of businesses. For example, the fact that the agricultural sector has a high percentage of self-employed businesses may influence its financial structure.

Figure 2: Distribution of SMEs by Employment Size and Sector in 2004

Source: SME Financing Data Initiative, Statistics Canada, *Survey on Financing of Small and Medium Enterprises,* 2004.

Financing Activity of SMEs

How many SMEs request debt financing?

In 2004, nearly one fifth (19 percent) of small and medium-sized enterprises (SMEs) made a request for new or additional debt from a credit supplier for business purposes. Of those requests, 81 percent were approved (see Table 2). SMEs in the Prairie provinces had the highest rate of requests for debt financing in 2004, likely because agricultural firms, which tend to have a high asset base and low long-term debt-to-equity ratios, account for a high proportion of the region's economy.

Table 2: Debt Request and Approval Rates by Size of Business, Sector and Region, 2004

	Request Rate (%)	Approval Rate (%)
CANADA	**19**	**81**
Size of Business (number of employees)		
0 employees	15	81
1–4 employees	21	83
5–19 employees	23	81
20–99 employees	33	81
100–499 employees	—	—
Industry		
Agriculture/Primary	32	92
Manufacturing	21	64
Wholesale/Retail	18	78
Professional services	10	77
Knowledge-based industries	13	71
Tourism	19	73
Other sectors	18	83
Region		
Atlantic	20	82
Quebec	18	88
Ontario	15	77
Prairies	23	82
British Columbia	20	82
Territories	15	78

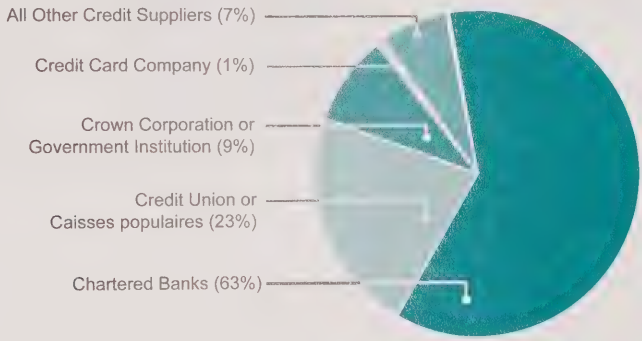
Source: SME Financing Data Initiative, Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2004.

Note: Dash indicates estimates suppressed to meet confidentiality requirements of the *Statistics Act* and/or for low data quality reasons.

Who are the key suppliers of debt financing to SMEs?

Chartered banks were the main suppliers of debt financing to SMEs in Canada in 2004, serving 63 percent of requests made by SMEs (see Figure 3). However, small authorizations of less than $1 million represented only 14 percent of overall lending by chartered banks.[3] Other key suppliers of debt financing to SMEs were credit unions or caisses populaires. These institutions are primarily situated in the Prairie provinces, which received 34 percent of requests for debt financing, and Quebec, which received nearly 40 percent of such requests. Moreover, although domestic banks play an important role in financing SMEs, credit unions or caisses populaires focus more of their commercial debt authorizations on the smaller amounts (authorization of less than $250 000). In 2004, credit unions or caisses populaires captured nearly a third (29 percent) of the market for authorizations under $250 000 (see Figure 4), compared with 23 percent of the market for all authorizations to SMEs.

Figure 3: Percentage of Total Requests for Debt by Type of Supplier in 2004

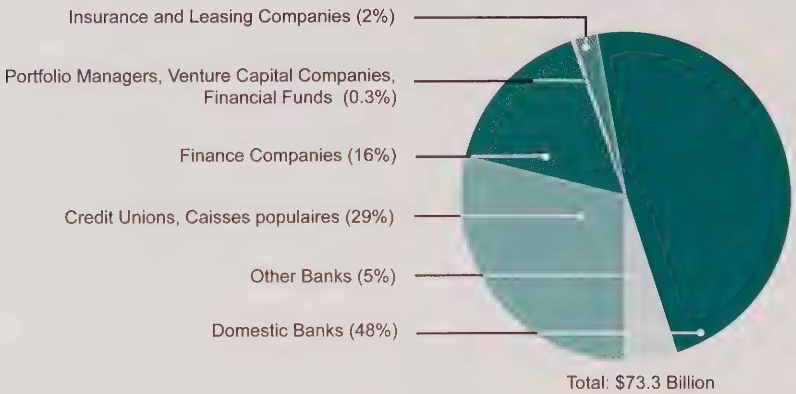


Source: SME Financing Data Initiative, Statistics Canada, *Survey on Financing of Small and Medium Enterprises,* 2004.

Note: Figures may not add up due to rounding.

3. Statistics Canada, *Survey of Suppliers of Business Financing*, 2004.

Figure 4: Commercial Debt under $250 000 Authorized, by Financial Supplier as of December 31, 2004



Source: SME Financing Data Initiative, Statistics Canada, *Survey of Suppliers of Business Financing*, 2004.

Note: Figures may not add to 100 due to rounding.

Lease financing has been on the rise in Canada, particularly in the asset-based financing[4] market, because it provides an additional method of external financing beyond bank loans and equity. As noted in a report commissioned by the Canadian Finance and Leasing Association (CFLA), "SMEs have difficulty securing either debt or equity funds because they have few assets to offer as collateral for loans from traditional debt-based financial intermediaries such as banks and few equity markets are organized to provide capital to small firms."[5] In addition, the flexibility of lease payments allows small businesses to finance most or all of the cost of an asset. This permits small businesses to preserve other financing instruments, such as existing lines of credit, to finance other needs.

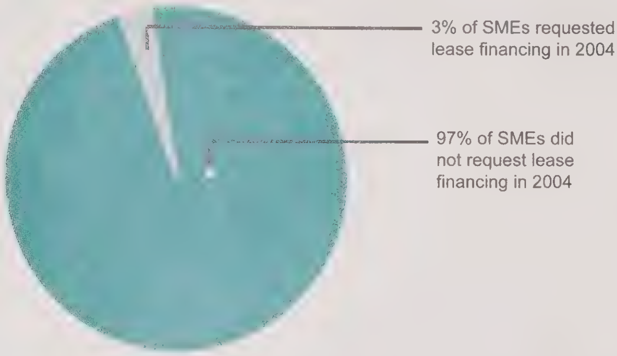
4. Asset-based financing is the financing of equipment (including vehicles for business/commercial use) by means of a secured loan, conditional sales contract or lease.

5. The Centre for Spatial Economics, *Asset-Based Financing, Investment and Economic Growth*. Prepared for the Canadian Finance and Leasing Association, December 2004.

How many SMEs request lease financing?

In 2004, 3 percent of SMEs requested lease financing (see Figure 5); almost all requests (96 percent) were approved (see Figure 5). While approval rates for leases have remained stable at 96 percent, compared with 94 percent in 2001, there has been a decline in request rates from 7 to 3 percent during the same period. This may reflect the economic slowdown during that period.

Figure 5: Percentage of SMEs Requesting Lease Financing in 2004

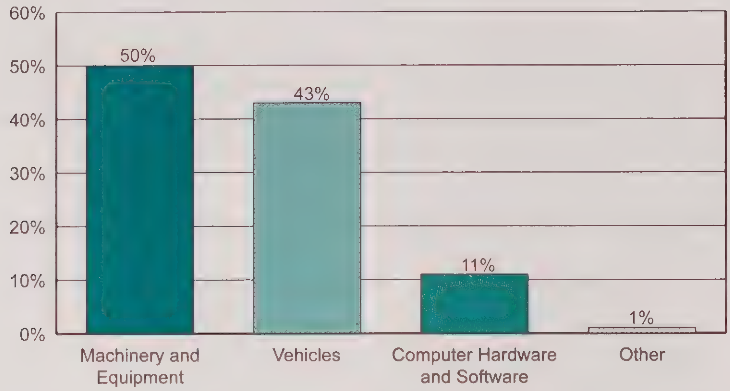


Source: SME Financing Data Initiative, Statistics Canada, *Survey on Financing of Small and Medium Enterprises,* 2004.

According to the CFLA, leasing is the largest segment of asset-based financing. In 2004, SMEs primarily used leases to finance machinery and equipment such as automobiles (50 percent), heavy-duty vehicles (43 percent), computer hardware and software (11 percent) and other production equipment (see Figure 6).

As of December 31, 2004, firms in the transportation and warehousing sectors received 21 percent ($7.3 billion) of leases authorized by all suppliers. The construction industry captured the second-highest proportion with 15 percent ($5.3 billion). These three sectors were the heaviest users of lease financing, accounting for just over a third of the amount of leases authorized in 2004.

Figure 6: Lease Financing Used by SMEs in 2004



Source: SME Financing Data Initiative, Statistics Canada, *Survey on Financing of Small and Medium Enterprises,* 2004.

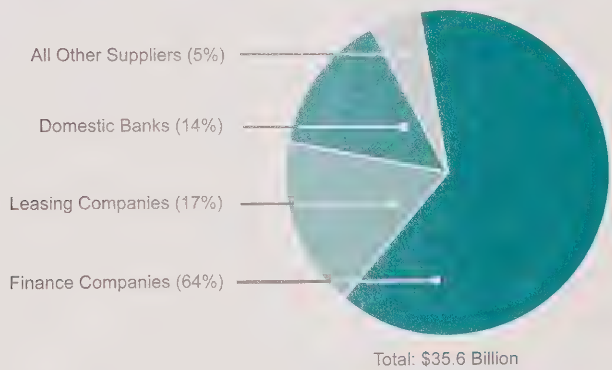
Note: Figures may not add up due to rounding.

Who are the key suppliers of lease financing to SMEs?

In 2004, the total value of leases authorized to all Canadian businesses (regardless of size) amounted to approximately $36 billion, a 12-percent increase from 2000. Finance and leasing companies accounted for a vast majority (81 percent) of the leasing market, while domestic banks maintained less than a fifth of the market (14 percent) (see Figure 7).

Compared with 2000, the distribution of the leasing market is quite different. Although domestic banks' participation is affected by restrictions imposed by the *Bank Act* on their personal property leasing — including automobiles and light-duty vehicles — finance and leasing companies are increasing their share of the market and becoming an important player in the leasing industry. This is consistent with findings from the CFLA suggesting that "the leasing industry in Canada is mature with smaller niche or boutique players having grown, while larger companies remain at a significant advantage. Mid-sized companies have almost disappeared as a result of this consolidation."[6]

Figure 7: Market Share of Commercial Leases Authorized by Financial Suppliers as of December 31, 2004



Source: SME Financing Data Initiative, Statistics Canada, *Survey of Suppliers of Business Financing*, 2004.

6. Canadian Finance and Leasing Association. *Asset-Based Financing and Leasing: Canadian Market Overview*. Published in the World Leasing Yearbook, 2005.

Which firms typically seek risk capital financing and how many SMEs requested equity financing?

High-growth firms and knowledge-based industries (KBIs) usually develop an idea, concept or product that requires an incubation period before generating revenues and profits. These firms face unique challenges in obtaining access to timely and appropriate financing because they lack sufficient tangible assets to secure bank loans or other types of debt financing. Risk capital is often a more appropriate financing instrument for firms with high-growth potential and start-up SMEs, particularly in KBIs. Figure 8 illustrates the typical growth rates of SMEs. Risk capital can originate from a number of sources, including the entrepreneur's own investment, investments by family and friends ("love money"), informal private investment by wealthy individuals ("angel" investors), venture capital investment and investment through initial public offerings on the stock exchange.

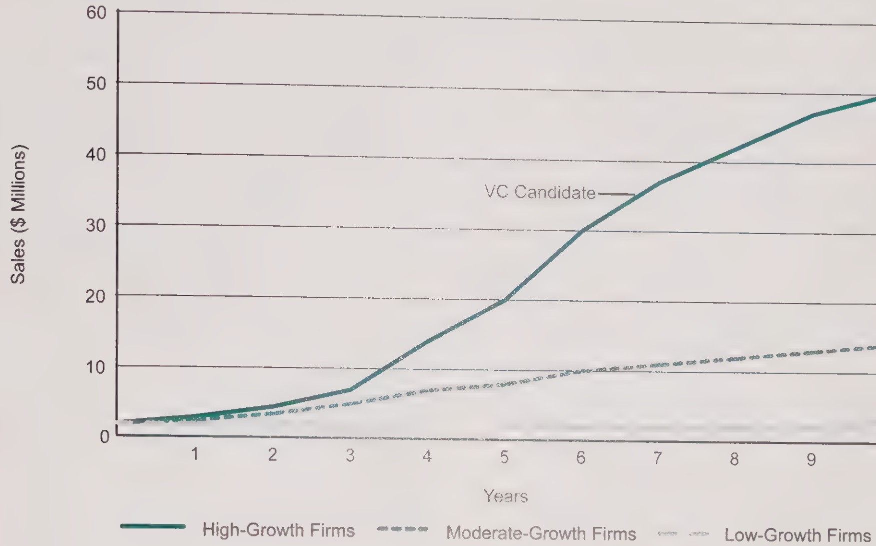
In 2004, 1 percent of SMEs made a request for equity financing.[7]

The main characteristics of firms that are financed by risk capital are:

- ***High-growth orientation*** involving rapid potential and actual growth in terms of sales and market share, based on competitive advantage and dominant market position.
- ***International orientation*** requiring strong potential for penetration of foreign markets and rapid growth in exports and/or foreign business operations.
- ***High rates of return on equity*** arising from rapid sales growth and wide profit margins (or a high potential to achieve these targets). Generally, venture capitalists invest in firms that provide annual rates of return in the 35- to 40-percent range over three to seven years.
- ***High spending on research and development*** for product development and the creation of unique products.
- ***Strong management team*** with a combination of technical, financial and marketing skills, ideally with experience raising and exiting risk capital investments.
- ***Ownership structure*** providing for at least one-third ownership for each initial informal investor or venture capitalist (up to a maximum of 50 percent).

7. This includes any request for new or additional financing from an investor, venture capital supplier, or friend or family member in exchange for a share of the ownership of the business.

Figure 8: Typical SME Growth Profiles



Source: MacDonald & Associates Limited, *Early-Stage VC Investments in Canada, Some Challenges and Prospects: 2002–05.*

How much informal investment was provided to Canadian SMEs?

Informal investors play an important role in the early stages of an SME's development, particularly for start-up firms. Informal investors are defined as individuals who invest their own funds at arm's length in a business owned and operated by a third party, including "angel" investors[8] and "love money."

A recent study showed that, in 2001, it was estimated that more than $11.4 billion in informal investments were made by business owners.[9] Of these, business owners who invested at arm's length in firms in which they did not act as an operator accounted for $3.1 billion (26 percent of the total).

8. Although attempts have been made to classify "angel" investors on the basis of personal attributes, behaviour or the nature of their investment activity, there is no consensus on which classification scheme to use.

9. A. Riding, *Estimating Informal Investment in Canada*, Equinox Management Consultants Ltd., March 2005.

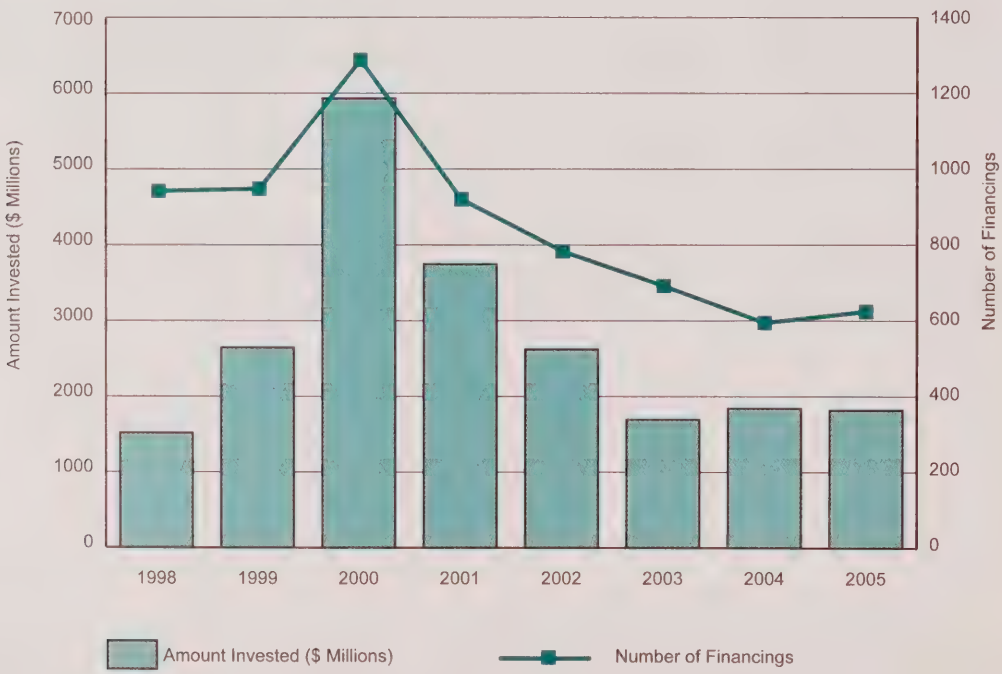
How much venture capital financing was provided to Canadian firms?

Venture capital (VC) is defined as long-term, hands-on equity investments in privately held companies with high-growth potential, which are undertaken and managed by professional investors. These investors normally organize themselves into VC firms (through private partnerships or closely held corporations) that establish one or more VC funds to raise capital from individual and institutional investors — capital that is subsequently invested in equity-type instruments (e.g. shares) issued by SMEs.

VC financing usually comes into play during a firm's early and expansion stages; however, it is important to note that VC financing is not appropriate for all SMEs. Since VC investments represent very high risks for investors, these investors expect to be compensated by high returns (see text box on page 16). Therefore, VC financing is generally used only by firms that have high-growth potential.

Investment conditions tightened in 2001 and activity fell steadily until 2003. In 2005, however, the Canadian VC industry was on the rise, increasing its activity with $1.82 billion invested in 633 companies — an increase of 5 percent in the number of financings from 603 firms in 2004, but a 1 percent decline in the amount invested from $1.84 billion (see Figure 9). While the number of firms receiving financing is a somewhat positive development, the amount invested represents a sharp drop from the $3.7 billion invested in 2001, and the $5.9 billion invested in the peak year of 2000.

Figure 9: Canadian VC Activity 1998–2005



Source: MacDonald & Associates Limited, 2005.

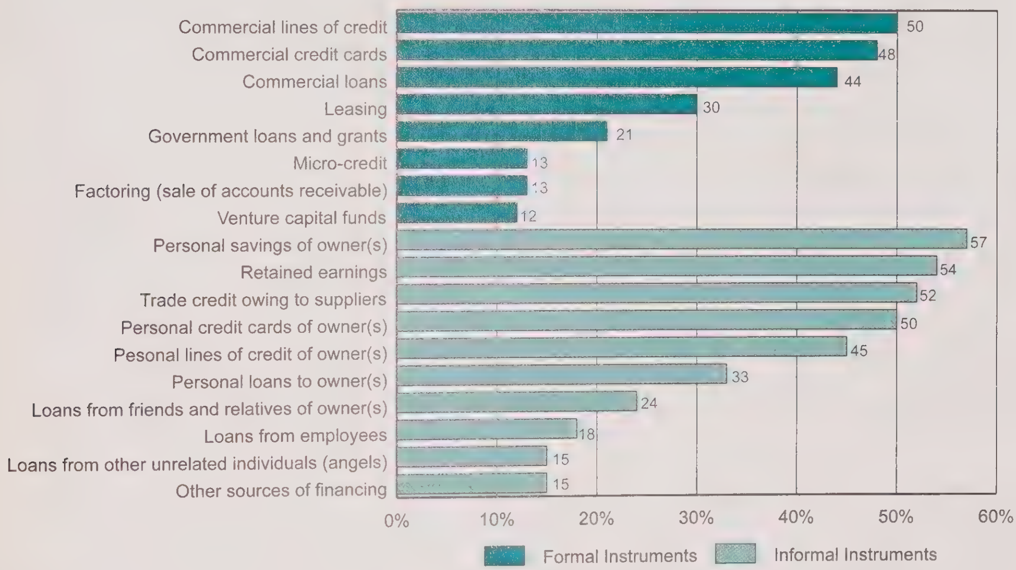
Access to Financing

What sources of financing are used by SMEs at different stages of development?

A firm's financing needs evolve as it grows: the sources of financing used by SMEs at the start-up stage are not the same as those used by established SMEs that have built up equity and collateral.[10] Sources of financing can be broadly categorized as formal or informal. Formal sources originate from external suppliers/sources that are in the business of financial lending, and include such instruments as commercial loans and lines of credit. Informal sources are obtained from suppliers/sources not in the business of financial lending, and are acquired from business activities (e.g. retained earnings) or are derived from the owner(s) (e.g. personal savings).

In 2004, SMEs used different formal financing instruments to finance their operations, such as trade credit owing to suppliers (52 percent), lines of credit from financial institutions (50 percent) and commercial loans from financial institutions (44 percent). However, SMEs were also likely to use informal forms of financing. Figure 10 illustrates the different financial instruments used by all SMEs in 2004, showing that more than half (57 percent) of SMEs financed their operations with personal savings, followed closely by retained earnings (54 percent).

Figure 10: Types of Financial Instruments Used by All SMEs in 2004*



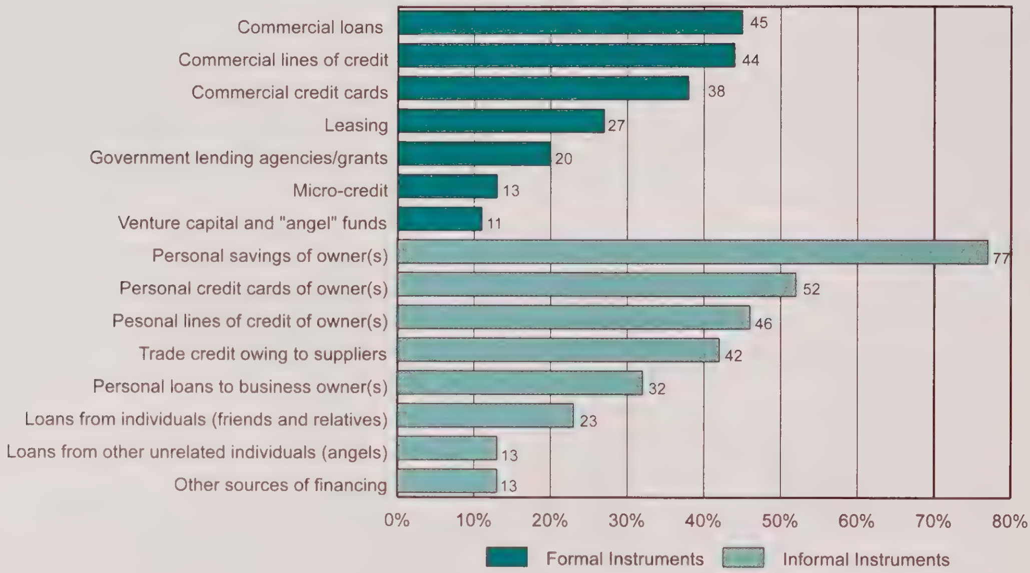
Source: SME Financing Data Initiative, Statistics Canada, *Survey on Financing of Small and Medium Enterprises,* 2004.
* Includes any source used, regardless of whether it was authorized or obtained in a previous year. Multiple responses were possible.

10. Start-up SMEs are defined as businesses started from scratch by the owner(s) prior to the first sale of products or services, at any time between 1996 and 2000. Established SMEs are defined as firms started prior to 1998. All SMEs include both start-ups and established firms.

Start-up SMEs often lack both a credit history and the collateral needed to secure a loan, thus they represent a degree of risk many financial institutions are unprepared to take. As a result, start-ups typically use informal sources of external financing and rely on owners' personal savings and credit to finance their operations.

As shown in Figure 11, 77 percent of start-up SMEs used personal savings to finance their company, compared with 57 percent of all SMEs (see Figure 10). In fact, start-ups — more than other SMEs — used all forms of personal credit to finance their business. However, given the strong economic conditions over the past few years, start-up SMEs also benefited from formal sources of financing in 2004, with 45 percent receiving commercial loans from financial institutions. Access to formal sources of financing benefits SMEs due to more transparency and the ability of small businesses to compare terms and prices.

Figure 11: Types of Financial Instruments Used by Start-up SMEs in 2004*



Source: SME Financing Data Initiative, Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2004.

* Reported by SMEs operating in 2004, in relation to their financing experiences of starting up their business at any time between 2003 and 2004. Multiple responses were possible.

How do SMEs apply for debt financing?

SMEs have traditionally obtained access to debt financing through well-established associations with a particular branch of a financial provider. In 2004, 64 percent of SMEs reported they requested debt through a personal discussion in a branch or with their account manager (see Table 3). This is down from 76 percent of SMEs that reported applications through a personal discussion in a branch in 2001.

Table 3: Application Methods Used by SMEs that Requested Debt in 2004

Method	Percentage of Applicants in 2004*
Applications filled in at the branch	56
Other verbal applications with account manager	8
Applications by phone	29
Applications by mail or fax	2
Applications over the Internet	4
Applications through other channels	4

Source: SME Financing Data Initiative, Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2004.

* Numbers do not add to 100 percent because more than one application method was used by some businesses.

Conversely, the use of new technologies by SMEs — alternative ways to access financial services for consumers and businesses, such as the Internet — increased significantly in 2004, with 29 percent applying for debt financing by phone and 4 percent using the Internet. This contrasts sharply with 2001, when only 13 percent of SMEs applied by phone, and less than 1 percent used the Internet to apply for financing.

Which documents and types of collateral were requested by debt suppliers?

Table 4 shows the types of documents requested by financial institutions in 2004 as part of the application process for debt financing. Of the SMEs that made requests, 82 percent were required to provide some documentation, with nearly two thirds (61 percent) providing business financial statements. While some firms were not required to submit any information, for those that were, substantially more SMEs reported being asked to provide several types of supporting documentation in 2004 compared with requests for documentation in earlier years.

Table 4: Documents Requested by the Last Credit Supplier Approached for Debt Financing, 2004

Type of Document Requested	2004 (%)
Business financial statement	61
Formal application for financing	53
Personal financial statement	47
Business plan	21
Appraisal of asset to be financed	26
Cash flow projection	22
All other documents	5
No documentation requested	18

Source: SME Financing Data Initiative, Statistics Canada, *Survey on Financing of Small and Medium Enterprises,* 2004.

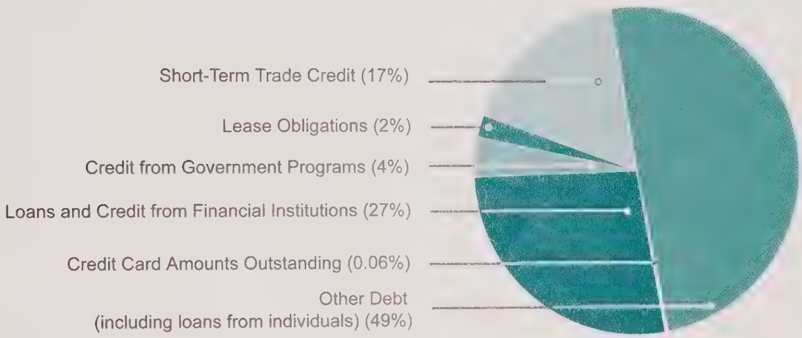
Financial institutions often require that SMEs seeking financing provide collateral as security. Collateral can take the form of land, buildings, or other business or personal assets that can be used as security for the debt, or guarantees from third parties. The amount of collateral required is directly linked to the perceived risk. In 2004, more than 40 percent of SMEs were asked to provide collateral (business or personal assets) to guarantee their financing.

Financial Structure

What is the average financial structure of an SME?

As discussed above, SMEs used a wide range of formal and informal financial instruments in 2004. Figure 12 shows that informal sources of debt — provided as loans from individuals and trade credit from suppliers — are just as important as formal sources to SMEs' debt structure, accounting for approximately two thirds (66 percent) of the outstanding debt owed by Canadian SMEs in 2004. This was significantly more than the amount of debt owed to formal financial providers, including chartered banks, credit unions, caisses populaires, government sources and other lessors. With few exceptions, the financial structure of SMEs is fairly consistent across Canada.

Figure 12: Average Distribution of Debt Owed by SMEs in 2004, by Supplier



Source: SME Financing Data Initiative, Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2004.

SME Business Owner and Financial Characteristics

Demographic Trends in Canadian Entrepreneurship

The face of Canadian entrepreneurs has become increasingly diverse throughout the past two decades (see Figure 13). Women, in particular, have taken on the risks and rewards of entrepreneurship in ever-increasing numbers and now have whole or part ownership in over 47 percent of SMEs.

As Canada's demographic trends continue to shift toward an older population, youth will also play an increasingly important role in small business growth. The Canadian Imperial Bank of Commerce reports that more than 500 000 Canadian entrepreneurs are heading into retirement within the next five years, followed by an additional 30 percent by 2020.[11]

Visible minority entrepreneurs are also having a noticeable affect in the Canadian economy in terms of growth, innovation and job creation. Canada's population of visible minorities has grown more than threefold over the past two decades — from 1.1 million in 1981 to almost 4 million in 2001 (13 percent of the population). The Conference Board of Canada estimates that by 2016, visible minorities will constitute approximately 20 percent of Canada's population and 18 percent of the labour force.[12]

Economic Impact of Demographic Trends, 2004

- Of the 1.4 million Canadian SMEs
  - 201 000 were entirely owned by women entrepreneurs (15 percent of SMEs);
  - 39 000 were majority owned by entrepreneurs under the age of 30 (3 percent of SMEs); and
  - 98 000 were majority owned by visible minority entrepreneurs (7 percent of SMEs).
- Women-owned SMEs employed nearly 380 000 workers.
- Of the SMEs that dealt in exports, 7 percent were owned by women, 7 percent were owned by visible minorities and 4 percent were owned by youth.
- Of the entrepreneurs who invested in R&D, 32 percent were women, 31 percent were visible minorities and 27 percent were youth.

11. CIBC World Markets. "*Are Canadian Entrepreneurs Ready for Retirement?*" Canadian Imperial Bank of Commerce, 2005.

12. Antunes, P., J. MacBride-King and J. Swettenham. "*Making a Visible Difference: The Contribution of Visible Minorities to Canadian Economic Growth.*" Conference Board of Canada, 2004.

Figure 13: Regional Distribution of Women, Visible Minorities and Young Entrepreneurs, 2004

A British Columbia
B Northwest Territories/Nunavut/Yukon
C Alberta/Manitoba/Saskatchewan
D Ontario
E Quebec
F Atlantic Provinces

* Percentage of women-owned SMEs
** Percentage of youth-owned SMEs
*** Percentage of visible minority-owned SMEs

Source: SME Financing Data Initiative, Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2004.

Table 5: Financing Request and Approval Rates, Ownership Characteristics (2004)

	Debt Financing		Capital Leasing		Equity Financing	
	Request	Approval	Request	Approval	Request	Approval
	%		%		%	
All Small and Medium-Sized Enterprises						
	18.5	81.4	3.2	96.3	1.2	46.0
Gender of Owner						
Entirely female-owned	12.6	73.9	—	89.3	1.1	—
Male/female partnership	22.2	83.5	2.7	98.0	0.7	—
Entirely male-owned	17.4	81.8	3.8	95.9	1.0	44.7
Age of Majority Owner						
Under 30	21.4	81.5	1.7	99.3	—	—
30 to 39	24.1	77.9	4.7	98.2	1.5	—
40 to 49	19.6	80.8	3.9	97.1	1.5	47.0
50 to 64	17.8	83.1	2.5	92.8	1.1	—
65 and over	7.6	89.2	1.1	—	0.5	—
Ethnicity of Majority Owner						
Visible minority	16.5	71.3	1.4	—	0.5	87.6
Other SMEs	18.7	82.1	3.3	—	1.3	44.9

Source: SME Financing Data Initiative, Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2004.

Note: Dash indicates estimates suppressed to meet confidentiality requirements of the *Statistics Act* and/or for low data quality reasons.

Women Entrepreneurs

SMEs entirely owned by women entrepreneurs tend to be smaller than those owned by men, and are more concentrated in the service industries. Micro-businesses, which employ fewer than five employees, constituted 90 percent of women-owned firms, compared with 83 percent owned by men, and the two sectors that are key drivers of Canada's economic growth and innovation — knowledge-based industries (KBIs) and manufacturing — attracted only 4 percent of all women entrepreneurs in 2004.

A substantial number of women are also found operating the smallest, albeit most numerous, of Canada's businesses — those of the self-employed. Of the 2.4 million self-employed Canadians in 2004, over 830 000 were women.[13] Over the past decade, the number of self-employed women grew by 24 percent, somewhat higher than the 19 percent growth by men.

In 2004, women entrepreneurs were less likely than men to approach financial institutions for financing. These lower request rates were not a matter of access; rather, 91 percent of women business owners reported that external financing was not necessary, and 6 percent felt their application would be rejected and so avoided approaching financial institutions.

13. Statistics Canada, CANSIM, table 282-0012 and Catalogue No. 89F0133XIE.

Women entrepreneurs who did apply for financing in 2004 were somewhat less likely than men to be approved (74 percent approval rate among women versus 82 percent among men) (See Table 5). Research has shown that this was related primarily to the sector in which they operate rather than their gender. Terms and conditions attached to the financing received, however, were similar for both groups. Financial institutions required 31 percent of women-owned SMEs to pledge personal assets as collateral (compared with 38 percent for men), and required co-signatories on 9 percent of applications by women (compared with 8 percent for men).

Young Entrepreneurs

There are several characteristics of SMEs owned by youth that may complicate access to financing for younger entrepreneurs, including

- their firms are newer (76 percent created within the past five years) and may be perceived as riskier (i.e. have less credit history); they are slightly more concentrated in knowledge-based industries (which often have fewer tangible assets to pledge as collateral); and they are often higher growth (which has been associated with higher financial risk);
- their firms are relatively smaller and less established than SMEs owned by other groups in their sectors of operation;
- although financially viable, their firms do not perform as well as businesses owned by older entrepreneurs; and
- younger owners have fewer years of management experience.

At the same time, many of these factors also increase the capital needs of youth-owned SMEs. As new, fast-growing businesses, youth-owned SMEs have slightly higher financing request rates than SME owners over the age of 40 (21 percent versus 18 percent). In 2004, young entrepreneurs received similar financing approval rates as owners in older age categories, which is a slight improvement from 2000, when only 78 percent of their credit applications were approved (compared with 82 percent for older business owners) (see Table 5). Fewer years dealing with a financial institution — on average, young entrepreneurs have been dealing with their main financial institution for only four years — and a lack of a solid credit history may have contributed to the lower approval rating. Perhaps as a result, youth-owned SMEs finance their operations through informal financing methods, such as personal savings, personal credit, and loans from friends and family, more often than firms owned by older entrepreneurs.

Visible Minority Entrepreneurs

While access to financing was not reported as the main concern for visible minority entrepreneurs, in 2004 it was still ranked as a serious problem by more visible minorities than other business owners. In fact, 29 percent of visible minority SME owners identified obtaining financing as a significant barrier to firm growth and development, compared with only 19 percent of other business owners. More research is needed to determine how much impact the sector of operation has on this difference.

The financing activity of visible minority-owned SMEs in 2004 demonstrates why access to financing may be a concern. While demand for financing was similar from all SME owners, visible minority entrepreneurs were far less likely to win approval for their financing applications (71 percent approval rate compared with 82 percent among other SMEs) (see Table 5). Furthermore, of those visible minority entrepreneurs who did not apply for financing, a significant number (10 percent) claimed it was due to difficulties associated with the application process compared with other SMEs (3 percent).

The vast majority of financing requests by visible minority owners were to chartered banks (76 percent versus 63 percent for other entrepreneurs). This can be explained by the stronger market shares enjoyed by banks throughout Ontario and British Columbia, particularly in the urban centres of these regions, where there are higher concentrations of visible minorities (see Figure 13).

For those financial debt applications that were approved in 2004, visible minority entrepreneurs received similar terms and conditions as other SME owners. Forty-three percent of applicants pledged as collateral their personal assets, 44 percent pledged business assets and 11 percent required co-signatories (compared with 42 percent, 41 percent and 6 percent, respectively, for other SMEs).

Appendix: Summary Tables

Table I: SME Request and Approval Rates for Debt in 2004

		Request Rate (%)	Approval Rate (%)
Rural or urban location	Rural	26	88
	Urban	16	77
Export and non-export activities	Exporter	28	76
	Non-exporter	18	82
Year business started selling goods and services	2003–2004	30	76
	1999–2002	15	77
	Prior to 1999	19	84
Female ownership	0%	17	82
	1 to 49%	25	82
	50%	22	84
	51% to 100%	23	80
	100%	13	74
Majority owner by age group	<30	21	82
	30–39	24	78
	40–49	20	81
	50–64	18	83
	≥65	8	89
Innovation	Non-innovative ≤20% R&D expenditure	18	83
	Innovative >20% R&D expenditure	31	56

Source: SME Financing Data Initiative, Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2004.

Table II: Percentage of SMEs Using Financing in 2004, by Instrument Type*

	Commercial loans from financial institutions	Lines of credit from financial institutions	Commercial credit cards	Government lending agencies/grants	Retained earnings	Trade credit owing to suppliers	Leasing	Loans from employees	Loans from friends and relatives of business owner(s)	Personal savings of business owner(s)	Personal lines of credit of business owner(s)	Personal credit cards of business owner(s)	Loans from individuals unrelated to the firm or its owner ("angels")	Venture capital funds	Other sources of financing
All SMEs	44.1	50.2	48.4	20.9	53.7	51.9	30.4	17.7	24.2	56.9	45.2	50.0	15.1	12.4	14.9
SMEs by Size of Firm (number of full-time employees)															
0	36.3	41.1	38.2	18.0	48.0	41.4	23.6	18.3	21.3	58.5	44.9	48.5	13.1	11.5	12.7
0.5 to 4	49.4	55.6	55.7	22.5	53.8	56.8	31.4	14.9	23.6	57.7	49.2	54.7	17.1	12.8	16.7
5 to 19	55.3	66.9	65.9	25.9	71.4	74.5	50.6	22.3	37.2	50.8	40.4	48.2	18.0	14.1	17.4
20 to 99	75.3	77.7	72.2	32.6	72.1	83.0	47.7	—	22.9	49.3	28.2	31.2	—	13.2	21.7
100 to 499	79.4	94.5	68.1	—	93.9	87.8	75.8	—	—	—	—	—	—	34.8	—
Industry															
Agriculture/Primary	70.5	70.6	47.1	30.0	59.5	42.0	22.6	—	18.4	59.4	39.6	43.9	—	9.4	—
Manufacturing	47.5	56.6	54.2	23.8	56.5	74.8	43.8	16.0	33.8	60.6	49.5	58.9	20.3	17.3	19.2
Wholesale/Retail	43.1	55.3	49.1	21.9	62.1	74.8	37.7	23.0	29.2	66.7	49.1	53.2	19.7	14.3	17.8
Professional services	23.5	39.3	40.3	13.2	56.4	37.0	25.5	15.2	14.8	52.1	39.0	52.4	10.6	9.8	—
Knowledge-based industry	20.0	34.5	40.4	16.9	52.5	35.5	24.7	22.8	22.4	57.2	44.1	58.6	17.6	16.1	18.0
Tourism	50.6	50.1	49.5	16.5	44.4	45.5	27.8	10.2	24.5	62.0	42.8	49.3	11.4	8.0	10.5
Other industries	44.1	46.5	51.2	20.9	49.3	51.1	31.1	18.4	25.8	52.2	47.5	47.6	15.0	13.0	16.7
Region															
Atlantic	58.8	63.8	56.1	23.1	56.2	61.5	36.5	15.6	22.8	53.2	42.4	50.4	14.0	10.0	16.5
Quebec	54.2	58.4	50.2	28.7	46.0	50.3	31.9	24.3	28.0	61.2	43.2	46.0	24.5	22.4	20.2
Ontario	34.5	40.9	45.6	16.2	50.9	47.8	28.2	15.7	24.5	54.7	47.1	47.7	10.6	8.1	13.3
Prairies	53.3	58.3	48.3	23.8	59.3	56.1	32.1	17.6	23.2	56.3	43.5	53.1	16.5	13.9	14.5
British Columbia	38.0	47.9	50.6	18.1	62.3	55.2	29.5	—	19.9	59.3	46.4	56.6	—	9.1	—
Territories	48.7	45.3	51.3	—	58.9	56.7	39.8	—	—	66.3	53.7	72.5	—	19.2	—
Rural or Urban Location															
Rural	59.8	63.8	50.0	23.6	56.8	55.3	28.9	16.2	23.8	55.5	45.4	50.8	15.8	12.8	11.5
Urban	38.4	45.4	47.9	19.9	52.5	50.7	31.0	18.2	24.3	57.5	45.2	49.7	14.9	12.2	16.1

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	Commercial loans from financial institutions	Lines of credit from financial institutions	Commercial credit cards	Government lending agencies/grants	Retained earnings	Trade credit owing to suppliers	Leasing	Loans from employees	Loans from friends and relatives of business owner(s)	Personal savings of business owner(s)	Personal lines of credit of business owner(s)	Personal credit cards of business owner(s)	Loans from individuals unrelated to the firm or its owner ("angels")	Venture capital funds	Other sources of financing
Export and Non-Export Activities															
Exporter	48.7	60.0	66.4	26.1	74.7	70.9	38.2	13.9	31.4	73.4	51.9	67.1	14.7	12.1	—
Non-exporter	41.7	51.2	52.2	22.5	56.4	50.9	32.7	20.6	24.4	58.9	46.5	51.1	14.5	12.9	14.9
Year Business Starting Selling Goods and Services															
2003–2004	42.4	48.2	42.3	—	53.6	55.8	27.3	—	24.6	73.2	45.3	64.0	—	8.3	—
1999–2002	37.6	45.0	43.9	17.5	45.6	47.0	25.9	16.4	21.9	51.5	46.3	56.4	15.0	13.0	17.6
Prior to 1999	47.1	52.8	51.0	22.9	57.2	53.7	32.7	19.0	25.2	57.9	44.8	45.9	15.6	12.5	13.8
Female Ownership															
0%	41.1	54.0	53.2	24.6	54.9	51.8	36.8	22.0	24.8	61.6	50.2	55.6	16.3	14.6	15.5
1 to 49%	45.1	52.4	59.8	18.4	60.1	67.3	36.7	—	29.0	51.4	38.1	42.3	—	7.5	—
50%	47.3	55.4	55.4	20.1	64.4	52.0	27.7	18.2	22.7	62.9	47.3	51.7	—	11.4	16.6
51% to 100%	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
100%	36.4	38.5	47.7	—	59.7	42.8	—	—	—	61.2	45.3	54.4	—	—	—
Majority Owner by Age Group															
<30	61.2	77.8	54.5	—	70.3	63.5	47.5	—	42.9	71.0	57.1	70.4	—	14.7	—
30–39	52.2	51.0	47.4	28.8	61.2	56.3	31.8	17.1	33.9	52.4	40.3	48.3	24.3	16.8	26.2
40–49	40.2	51.1	56.4	26.3	51.8	49.7	35.4	23.3	25.3	62.5	49.6	55.9	12.1	13.5	13.5
50–64	42.7	56.3	53.9	17.6	63.3	59.1	34.9	18.9	22.9	61.5	48.5	50.8	13.6	10.7	13.5
≥65	—	38.5	51.3	—	59.4	38.1	—	—	—	57.3	39.9	50.0	—	12.5	—
Innovation															
Non-innovative ≤20% R&D expenditure	43.2	53.2	53.2	23.2	57.5	53.6	34.2	20.3	25.3	59.1	46.1	51.3	15.1	13.4	15.7
Innovative >20% R&D expenditure	—	—	64.8	—	74.4	—	—	—	—	86.2	66.4	82.0	—	1.9	—

Source: SME Financing Data Initiative, Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2004.

*Includes any source used, regardless of whether it was authorized or obtained in a previous year.

Note: Dash indicates estimates suppressed to meet confidentiality requirements of the *Statistics Act* and/or for low data quality reasons.

Table III: Amount of Commercial Debt Authorized and Outstanding by Authorizations, as of December 31, 2004

	Domestic banks	Other banks	Credit unions and Caisses populaires	Finance companies	Portfolio managers, venture capital companies, financial funds	Insurance companies	Leasing companies	Total — all suppliers
LESS THAN $25 000								
Amounts authorized ($ millions)	4 265.5	400.4	1 948.6	1 073.4	24.2	—	—	7 894.3
Amounts outstanding ($ millions)	1 865.3	296.0	1 027.8	535.1	12.0	—	—	3 911.2
Number of clients (thousands)	573.3	30.2	164.1	132.4	1.4	—	—	911.2
$25 000–$49 999								
Amounts authorized ($ millions)	4 607.9	401.6	2 852.1	1 141.1	11.1	14.4	18.2	9 046.4
Amounts outstanding ($ millions)	2 527.4	274.9	1 665.9	752.6	5.6	9.5	9.8	5 245.7
Number of clients (thousands)	138.7	11.7	80.4	36.0	0.3	0.4	0.6	268.1
$50 000–$99 999								
Amounts authorized ($ millions)	9 587.6	798.1	5 241.7	2 177.6	18.3	—	—	17 991.0
Amounts outstanding ($ millions)	5 313.6	558.2	3 267.3	1 526.1	12.2	—	—	10 819.1
Number of clients (thousands)	149.8	12.0	75.3	36.7	0.3	—	—	276.2
$100 000–$249 999								
Amounts authorized ($ millions)	16 809.7	2 050.9	11 112.8	7 879.7	150.3	384.6	9.2	38 397.0
Amounts outstanding ($ millions)	10 470.8	1 549.2	7 347.9	5 775.9	107.6	253.3	3.4	25 508.1
Number of clients (thousands)	118.2	13.1	71.4	57.5	0.9	1.9	0.1	263.2
$250 000–$499 999								
Amounts authorized ($ millions)	16 473.4	2 294.2	8 167.4	8 786.9	307.8	319.2	17.1	36 365.9
Amounts outstanding ($ millions)	10 856.0	1 696.3	5 693.3	6 560.8	235.0	233.1	4.6	25 279.1
Number of clients (thousands)	49.7	6.7	23.7	30.5	0.7	0.8	0.1	112.2
$500 000–$999 999								
Amounts authorized ($ millions)	19 962.0	2 929.1	7 254.1	9 434.0	377.3	1 156.9	15.6	41 129.1
Amounts outstanding ($ millions)	13 001.8	2 046.2	4 943.4	7 065.4	308.2	906.9	4.3	28 276.3
Number of clients (thousands)	30.5	4.3	10.7	16.1	0.5	1.4	0.0	63.5
SUBTOTAL OF SMEs								
Amounts authorized ($ millions)	71 706.1	8 874.3	36 576.7	30 492.7	889.0	1 875.1	60.1	150 823.7
Amounts outstanding ($ millions)	44 034.9	6 420.8	23 945.6	22 215.9	680.6	1 402.8	22.1	99 039.5
Number of clients (thousands)	1 060.2	78.0	425.6	309.2	4.1	4.5	0.8	1 894.4
$1 000 000–$4 999 999								
Amounts authorized ($ millions)	61 543.9	11 090.6	13 173.8	17 606.3	2 061.9	14 857.8	144.4	120 478.7
Amounts outstanding ($ millions)	39 260.1	6 882.2	8 434.1	13 771.1	1 875.2	11 519.0	86.8	81 828.6
Number of clients (thousands)	33.7	5.0	6.9	12.3	0.9	5.1	0.1	64.1

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	Domestic banks	Other banks	Credit unions and Caisses populaires	Finance companies	Portfolio managers, venture capital companies, financial funds	Insurance companies	Leasing companies	Total — all suppliers
$5 000 000 AND MORE								
Amounts authorized ($ millions)	389 329.8	82 815.8	10 212.9	15 741.3	7 195.1	27 766.1	892.6	[illegible]
Amounts outstanding ($ millions)	112 731.6	31 204.1	4 397.0	12 010.9	4 784.2	25 258.6	157.4	190 543.6
Number of clients (thousands)	12.7	3.3	0.8	1.9	0.4	1.8	0.1	21.0
TOTAL — ALL CLIENTS								
Amounts authorized ($ millions)	522 579.8	102 780.7	59 963.5	63 840.3	10 146.0	44 752.4	1 193.5	805 256.2
Amounts outstanding ($ millions)	196 026.6	44 507.1	36 776.7	47 997.9	7 339.9	38 413.6	349.9	371 411.6
Number of clients (thousands)	1 106.8	86.2	433.3	323.5	5.4	18.9	5.3	1 979.5

Source: SME Financing Data Initiative, Statistics Canada, *Survey of Suppliers of Business Financing*, 2004.

Note: Dash indicates estimates suppressed to meet confidentiality requirements of the *Statistics Act* and/or for low data quality reasons.

Table IV: SME Request and Approval Rates for Lease Financing in 2004

		Request Rate (%)	Approval Rate (%)
All SMEs		3	96
SMEs by size of firm (number of full-time equivalent employees)	0	2	98
	0.5 to 4	3	95
	5 to 19	7	97
	20 to 99	10	92
	100 to 499	—	99
Industry	Agriculture/Primary	5	100
	Manufacturing	5	97
	Wholesale/Retail	2	96
	Professional services	1	—
	Knowledge-based industry	2	98
	Tourism	2	98
	Other industries	4	95
Region	Atlantic	3	94
	Quebec	3	97
	Ontario	2	98
	Prairies	5	99
	British Columbia	4	88
	Territories	3	—
Rural or urban location	Rural	5	99
	Urban	3	94
Export and non-export activities	Exporter	5	98
	Non-exporter	3	96
Year business started selling goods and services	2003–2004	4	95
	1999–2002	2	97
	Prior to 1999	4	96
Female ownership	0%	4	96
	1 to 49%	5	97
	50%	3	98
	51% to 100%	2	99
	100%	—	89
Majority owner by age group	<30	2	99
	30–39	5	98
	40–49	4	97
	50–64	3	93
	≥65	1	—
Innovation	Non-innovative ≤20% R&D expenditure	3	96
	Innovative >20% R&D expenditure	5	98

Source: SME Financing Data Initiative, Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2004.

Note: Dash indicates estimates suppressed to meet confidentiality requirements of the *Statistics Act* and/or for low data quality reasons.

Table V: Amount of Lease Financing Authorized and Outstanding by Authorization, as of December 31, 2004

	Domestic banks	Finance companies	Leasing companies	All other suppliers	Total — all suppliers
LESS THAN $25 000					
Amounts authorized ($ millions)	—	—	1 400.6	—	3 281.0
Amounts outstanding ($ millions)	—	—	581.3	—	1 625.6
Number of clients (thousands)	2.4	206.3	86.0	3.1	297.9
$25 000–$49 999					
Amounts authorized ($ millions)	73.8	5 025.8	920.0	57.5	6 077.1
Amounts outstanding ($ millions)	29.3	2 843.2	539.1	39.0	3 450.7
Number of clients (thousands)	1.6	142.5	23.4	1.4	168.9
$50 000–$99 999					
Amounts authorized ($ millions)	147.5	1 643.1	1 330.6	79.7	3 201.0
Amounts outstanding ($ millions)	75.7	995.5	856.8	53.9	1 981.9
Number of clients (thousands)	1.7	22.7	18.3	1.0	43.7
$100 000–$249 999					
Amounts authorized ($ millions)	372.3	2 165.5	321.8	148.7	3 008.3
Amounts outstanding ($ millions)	212.1	1 335.5	199.7	108.4	1 855.6
Number of clients (thousands)	1.9	12.8	2.1	0.9	17.7
$250 000–$499 999					
Amounts authorized ($ millions)	417.5	1 400.5	291.9	163.4	2 273.3
Amounts outstanding ($ millions)	243.6	922.1	174.2	133.5	1 473.4
Number of clients (thousands)	1.0	3.6	0.8	0.5	5.9
$500 000–$999 999					
Amounts authorized ($ millions)	626.9	1 410.3	277.1	220.0	2 534.2
Amounts outstanding ($ millions)	361.4	975.0	158.5	192.5	1 687.4
Number of clients (thousands)	0.7	1.7	0.4	0.3	3.1
$1 000 000–$4 999 999					
Amounts authorized ($ millions)	1 500.0	3 964.2	668.5	482.3	6 615.1
Amounts outstanding ($ millions)	917.6	2 486.4	382.7	451.1	4 237.7
Number of clients (thousands)	0.6	1.5	0.4	0.2	2.7
$5 000 000 AND MORE					
Amounts authorized ($ millions)	—	—	871.3	—	8 682.0
Amounts outstanding ($ millions)	—	—	535.3	301.7	5 829.4
Number of clients (thousands)	0.1	0.1	0.1	0.0	0.3
TOTAL — ALL CLIENTS					
Amounts authorized ($ millions)	5 066.2	22 983.6	6 081.8	1 540.4	35 672.0
Amounts outstanding ($ millions)	3 132.7	14 260.2	3 427.7	1 321.3	22 141.8
Number of clients (thousands)	10.0	391.3	131.4	7.5	540.2

Source: SME Financing Data Initiative, Statistics Canada, *Survey of Suppliers of Business Financing*, 2004.

Note: Dash indicates estimates suppressed to meet confidentiality requirements of the *Statistics Act* and/or for low data quality reasons.